

**CALENDAR ITEM
C28**

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04/20/17

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PRC 8678.1

G. Asimakopoulos

REVISION OF RENT AND ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

Chevron Pipe Line Company, a Delaware Corporation

APPLICANT/ASSIGNEE:

Crimson California Pipeline, L.P., a California limited partnership

AREA, LAND TYPE, AND LOCATION:

0.018 acres, more or less, of sovereign land located in Pacheco Creek, adjacent to Assessor's Parcel Number 159-250-006, near Martinez, Contra Costa County.

AUTHORIZED USE:

Construction, use, and maintenance of a horizontal directionally drilled (HDD) 12-inch diameter carbon steel crude oil pipeline.

LEASE TERM:

20 years, beginning June 27, 2006.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff reviewed the rent under this lease and recommends rent be revised from \$134 per year to \$450 per year, effective June 27, 2017.

SPECIFIC LEASE PROVISIONS:

1. Liability insurance in an amount no less than \$10,000,000 per occurrence.
2. Surety bond or other security in the amount of \$50,000.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503.5;
California Code of Regulations, title 2, section 2000, subdivision (b).

CALENDAR ITEM NO. **C28** (CONT'D)

Public Trust and State's Best Interests Analysis:

On June 26, 2006, the Commission authorized a 20-year General Lease – Right-of-Way Use to Chevron Pipe Line Company, a Delaware Corporation ([Calendar Item C67, June 26, 2006](#)). That lease will expire on June 26, 2026. On April 27, 2016, the right-of-way interests associated with the upland parcel were assigned to and assumed by Crimson California Pipeline, L.P., a California limited partnership. The Applicant has the right to use the upland parcel adjoining the lease premises and is applying for an assignment of the lease. If authorized by the Commission, the assignment will be made effective April 27, 2016.

Assignment of this lease will not result in a change in the use of Public Trust resources or the impacts thereto. The existing lease protects Public Trust values and resources by requiring the payment of annual rent to compensate the people of the State for the use of sovereign land and requiring that the pipeline be operated and maintained in accordance with all applicable federal and state regulations. Commission staff believes approval of this assignment is consistent with the common law Public Trust Doctrine and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction, and Strategy 2.2 to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
2. The pipeline was last inspected in December 2016. Commission staff have reviewed the related inspection reports.
3. Authorizing the lease assignment and approving the revision of rent are not projects as defined by the California Environmental Quality Act because they are administrative actions that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5)

EXHIBITS:

- A. Land Description
- B. Site and Location Map

CALENDAR ITEM NO. **C28** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease assignment will not impact the public rights to navigation and fishing or substantially interfere with the Public Trust needs and values at this location at this time and for the foreseeable term of the lease, is consistent with the common law Public Trust Doctrine, and is in the best interests of the State.

AUTHORIZATION:

1. Authorize the assignment of Lease No. PRC 8678.1, a General Lease – Right-of-Way Use, of sovereign land as described in Exhibit A, Land Description, and shown on Exhibit B, Site and Location Map (for reference purposes only), attached and by this reference made a part hereof, from Chevron Pipe Line Company, a Delaware Corporation, to Crimson California Pipeline, L.P., a California limited partnership; effective April 27, 2016.
2. Approve the revision of rent for Lease No. PRC 8678.1 from \$134 per year to \$450 per year, effective June 27, 2017

Land Description**Parcel A:**

A strip of submerged land in the historical bed of Pacheco Creek, being a portion of Swamp and Overflow Survey Number 167, within the County of Contra Costa, State of California, as described in a Grant Deed, recorded June 3, 1969, in Book 5888, Page 588, Contra Costa County Records, Contra Costa County, California, said parcel lying within the Northwest Quarter of protracted Section 22, Township 2 North, Range 2 West, Mount Diablo Base and Meridian, described as follows:

Said strip of land, 10 feet in width, the centerline of which is the centerline of a twelve (12) inch nominal diameter pipeline, described as follows:

Commencing at point "P-9"; said point lying along the Southeasterly line, as described in Exhibit A of the Grant Deed recorded in Book 5888, Page 588, in the Contra Costa County Records, said point having California Coordinate System 83, Zone 3, coordinates of $N = 2,194,046.09$ and $E = 6,107,087.26$, more or less; thence North $37^{\circ} 55' 59''$ East, a distance of 35.37 feet, along said Southeasterly line to the TRUE POINT OF BEGINNING; thence leaving said Southeasterly line, North $39^{\circ} 16' 29''$ West, parallel to and approximately 10.00 feet northeast of an existing twenty (20)-inch nominal diameter pipeline, a distance of 158.95 feet, to a point on the Northwesterly line of said Grant Deed.

EXCEPTING THEREFROM any portion of land lying landward of the historic ordinary high water mark.

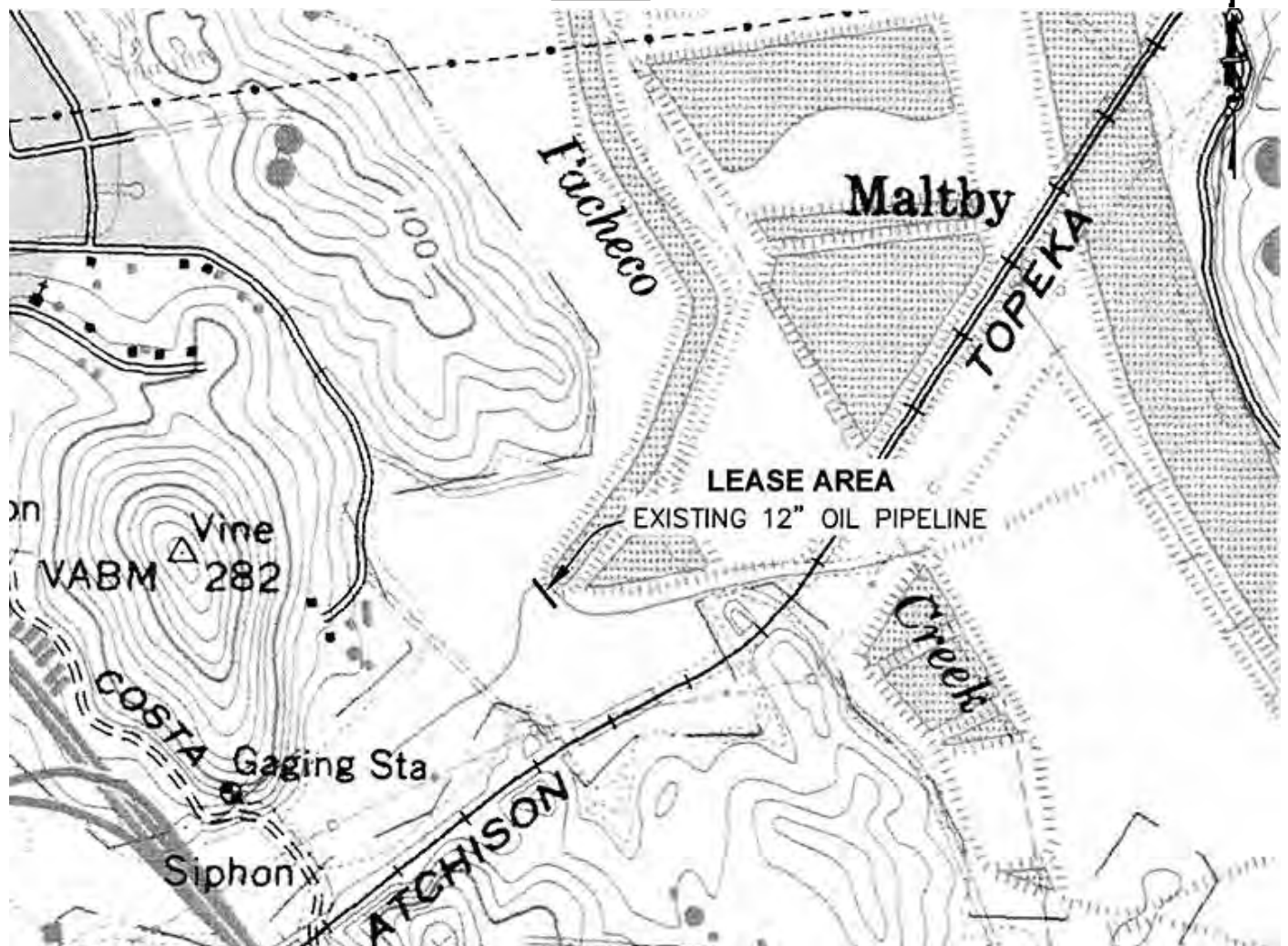
Said strip of land containing approximately 1590 square feet (0.0365 acre), more or less.

End of Parcel A Description



NO SCALE

SITE



PIPELINE ACROSS PACHECO CREEK, NEAR MARTINEZ

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit B

PRC 8678.1

CRIMSON CALIFORNIA
PIPELINE, L.P.

GENERAL LEASE -
RIGHT - OF - WAY USE
CONTRA COSTA COUNTY



DJP 10/24/16